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USSR-Afghanistan: A new Soviet \$30,000,000 loan intended for "development projects" in Afghanistan was announced in Kabul on 2 October by visiting Soviet President Voroshilov. At least a part of this loan may be used to finance the cost of a civil air development program offered by the USSR in late August. 25X1

II. ASIA-AFRICA

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Libya: Significant political changes may soon occur in Libya, including replacement of pro-Western Prime Minister Kubaar, possibly by someone more sensitive to popular sentiment favoring closer relations with the UAR. King Idriss is rumored to be considering abdication in the near future in favor of his nephew, Crown Prince Hassan al-Rida.

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Kuwait: The Ruler of Kuwait has denied that Kuwait would join the Egyptian-dominated Arab League, as earlier announced in Cairo by a league spokesman and by Kuwait's deputy ruler, Abdulla Mubarak. 25X1

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Guinea: On 1 October, Ghana recognized Guinea. It is likely that certain Arab nations will also extend early recognition in the hope of gaining greater influence in West Africa.

Cyprus: Britain's efforts to implement its new plan are being accompanied by an island-wide general strike of Greek Cypriots, increased but sporadic violence by EOKA, and extensive precautionary measures by the security forces. The British expect that a serious campaign of violence may yet occur. In Greece, members of the Karamanlis government have warned that resignation of the government and Greek disengagement from NATO are under serious consideration.

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IV. SIGNIFICANT INTELLIGENCE REPORTS AND ESTIMATES

(Available during the preceding week)

National Intelligence Estimate No. 32-58. The Outlook for Greece's Stability and Foreign Position. 23 September 1958

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I. THE COMMUNIST BLOC

USSR Grants New Loan to Afghanistan

Despite Afghanistan's statements to American officials in January 1958 that it would not accept any new loans, Kabul apparently has accepted a \$30,000,000 Soviet loan which was announced by Soviet President Voroshilov in Kabul on 2 October. At least a part of this loan may be used to finance a civil air program offered by the USSR in late August. The program reportedly includes modern aircraft, the construction of additional new airports, and training of Afghan personnel. The terms of this aid were to be even more favorable than those of earlier Soviet loans and would require no Afghan contributions.

Kabul may have changed its policy because of these favorable terms together with the USSR's agreement last July to deliver goods under existing loans which Kabul could sell to meet local costs of other Soviet development projects.

This new loan raises total Soviet bloc aid to Afghanistan to \$190,000,000, including \$32,000,000 worth of military loans.

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II. ASIA-AFRICA

Possible Libyan Government Changes

King Idriss of Libya has decided to remove Prime Minister Kubaar, [REDACTED] Under Kubaar the Libyan Government has tried to maintain a middle-of-the-road position in Arab affairs, avoiding direct conflict with the UAR while making generally ineffective gestures to combat Egyptian propaganda and subversive efforts throughout the country. Kubaar was [REDACTED] attempting a reconciliation with two leading figures in Libya's pro-Egyptian clique, perhaps in a last-minute effort to secure his own political future.

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The King's choice to replace Kubaar is said to be Libya's ambassador to London, Ali Sahli. [REDACTED] [REDACTED] Egypt would favor this change, since it expects Sahli to prove more sensitive to Libyan popular sentiment which favors closer alignment with the UAR.

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Concurrently, there are numerous rumors that the aging Idriss is contemplating abdication in favor of his nephew, Crown Prince Hassan al-Rida. An orderly succession prior to the King's death, along with a change in the Kubaar cabinet, might work to forestall pro-Egyptian and radical nationalist agitation for a republican government. The relatively unknown crown prince would have trouble obtaining popular support without the personal influence wielded by Idriss. [REDACTED]

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Kuwait Ruler Denies Plans to Join Arab League

The Ruler of Kuwait has denied recent reports that Kuwait would join the Arab League, as earlier reported in Cairo by a league spokesman and by Kuwait's deputy ruler, Abdulla Mubarak. In Cairo, however, Arab League Secretary General Hassouna expressed surprise at a British Foreign Office statement discounting reports that Kuwait would join the league. The Cairo press has announced that Hassouna has been invited to visit Kuwait in mid-October. Hassouna is likely to raise the question of Kuwait's adherence at that time.

Even if the reports that Kuwait might join the league are Egyptian misrepresentations, they will probably arouse Kuwaiti nationalists and some of the sheiks to press the Ruler for closer association with the UAR. The deputy ruler, who commands Kuwait's army, may have made the statements, however, in an attempt to cultivate favor with Nasir and the Kuwaiti nationalists at the expense of the more conservative Ruler.

Although Britain by treaty and custom handles Kuwait's foreign relations, the Ruler, who has in the past acknowledged that an accommodation with Nasir might be desirable, has assumed an increasingly independent position in Arab affairs. Following the Iraqi coup in July, the Ruler for a time considered joining the league. The British may, therefore, be unable to sustain the Ruler's present aversion to league membership.

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Guinea Receives Diplomatic Recognition From Ghana

Ghana on 1 October became the first nation to extend diplomatic recognition to the new state of Guinea. Prime Minister Nkrumah is vitally interested in helping the territories of West Africa achieve independence and also hopes to establish himself as the leading spokesman of West Africa.

The UAR may follow suit in the hope of establishing influence among Guinea's Moslems, who constitute 68 percent of the population, in furtherance of its program of strengthening contact with West African nationalists. Recognition by several of the Asian Communist nations is probable, but the USSR may withhold recognition for the time being in deference to France's official request on 28 September that nations not recognize Guinea immediately.

Premier Sekou Toure of Guinea has expressed his desire to retain close ties with France and to remain within the franc zone. However, if continued economic assistance is not forthcoming from France, or if Paris is able to discourage aid from other Western sources, he may feel obliged to seek non-Western help.

Following Paris' acknowledgment of its de facto independence, Guinea proclaimed itself a republic on 2 October. However, Paris has previously indicated that it would accord de jure recognition only after bilateral economic and political negotiations, which are expected to take at least 60 days. The large favorable vote given to the new constitution in the seven other territories of the French West African federation appears to have hardened the French attitude toward Guinea. Paris may seek to make Guinea an object lesson to other French African nationalists who aspire to independence.

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III. THE WEST

Cyprus

Isolated armed attacks on British servicemen, acts of sabotage and a general strike, and demonstrations have thus far been the Greek Cypriot answer to implementation of the British plan for Cyprus on 1 October. The all-out campaign of violence, long threatened by EOKA leader Grivas and other Greek Cypriot spokesmen if the British proceeded with their plan, has not yet occurred. Governor Foot believes, however, that EOKA is merely waiting for the result of present diplomatic activities in Athens, Paris, London, and Ankara before launching its attack.

NATO Secretary General Spaak's plan to convene a conference attended by representatives of Greece, Turkey, Britain, and possibly other NATO states, at which the British plan for Cyprus could be discussed and possibly modified, is being examined in the three capitals concerned. At the 6 October meeting of the North Atlantic Council, the three governments are expected to indicate their official response to Spaak's suggestion. Britain appears receptive to the idea of a conference, as long as discussion is based on the British plan, but both Turkey and Greece are reluctant to attend.

A Turkish official has implied that Turkey will refuse to attend on the basis that the conference is doomed to failure. Refusal, however, would probably be based more on fear that Turkey would be asked to make further concessions to secure Greek acceptance of the British plan. Spaak's efforts to find a solution to the Cyprus impasse are regarded with suspicion in Ankara, where he is accused of being a "Greek pawn."

The Greek Government has reacted angrily to recent changes in Spaak's original proposals for a conference--proposals which Greece had previously indicated were acceptable. Officials in Athens now believe Greece will refuse to attend the proposed conference as the agenda will be too limited in scope. Foreign

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Minister Averoff continues to warn that the present lack of support for the Greek position by the Western powers will force either the resignation of the Karamanlis government or its withdrawal from NATO. King Paul's sudden return to Athens on 2 October from his Austrian vacation may indicate that far-reaching decisions are being made in Athens regarding Greece's future relations with the West.

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